

28 February 1983

MEMORANDUM FOR: Chairman, NIC
NIO for Economics

FROM : 25X1
Deputy Chief
Technology Transfer Assessment Center

SUBJECT : Export Administration Act (EAA) 25X1
Renewal: Options Paper

1. Lionel Olmer chaired an interagency meeting this morning from 0730 to 0930 and resolved as many of the remaining issues in the attached options paper as possible. He will brief the SIG-IEP this afternoon on the remaining issues that he believes deserving Cabinet level decision. Lionel and Richard Pearle consulted over the weekend and reached an understanding between Commerce and Defense on the approach to some of the issues. 25X1

2. The principal issues that will be escalated to the Cabinet level at today's SIG-IEP are as follows:

A. Imposition of Sanctions:

Issue 3 p.4: Should the EAA provide sanctions against COCOM members who violate COCOM agreements? (DoD)

Issue F 1 on p.17: Should import controls be imposed on a country whenever export controls are imposed on that country, subject to such exceptions as the President may prescribe? (Heinz)

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The sense of the group is that sanctions should be made company specific and not country specific. This will strengthen the President's hand by allowing foreign firms to be placed on a denial list and risk losing their sales in the US market, a much larger market by far, than loss of sales to the Soviet Bloc. Current practice allows only for US firms to be placed on an export denial list.

B. Energy Dependence

p. 9 Issue 3: Should a finding and policy declaration be proposed asserting that export controls should be used to seek to prevent the U.S. and its allies from exclusive energy and other critical resource dependence on potential adversaries? (ACEP)

There are really two issues involved, the broader policy question as to whether this should be a U.S. foreign policy objective, and second; whether the EAA should be used to effectuate such a policy?

C. Sanctity of Contracts, Compensations, and Insurance

p.12 B Issue 1: Should contracts and export licenses be protected from later imposition of controls for at least a specified period of time?

This issue will probably be discussed along with the question of compensation and insurance (OPIC). At present Agriculture enjoys a 270 day delay from the date of imposition of controls plus full compensation for export losses. The U.S. business community does not enjoy these exceptions.


D. Customs Role:

p.21 B Issue 1: Should all enforcement functions be transferred to Customs? (Nunn and Heinz)

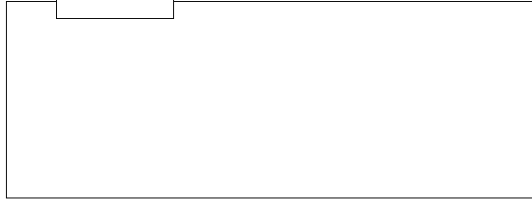
State and Treasury went on record as approving this move. Lionel Olmer was surprised at State's action. It was unclear whether Secretary Shultz had made this commitment. From my recent two week trip to Europe with the U.S. bilateral team on export control enforcement, it is clear that enforcement overseas, to be effective, will have to be a shared responsibility among U.S. Customs, Commerce's Foreign Commercial Service, and State's economic officers. Although Customs is a key player, it does not enjoy a monopoly in working

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with other foreign non-Customs services
investigatory bodies responsible for export control
investigations and prosecutions.

3. Outcome of the other issues are noted in the margin of
the attached options paper. 

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Attachment:
As stated

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